

AAIS
CO 1000 10 02
Page 29 of 31

LOSS PAYMENT

1. **Our Options** – In the event of loss covered by this coverage form, "we" have the following options:
 - a. pay the value of the lost or damaged property;
 - b. pay the cost of repairing or replacing the lost or damaged property;
 - c. rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - d. take all or any part of the property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** – "We" will adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property of Others** – Losses to property of others may be adjusted with and paid to:
 - a. "you" on behalf of the owner; or
 - b. the owner.

If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

OTHER CONDITIONS

In addition to the "terms" which are contained in other sections of the Commercial Output Program coverages, the following conditions apply.

1. **Appraisal** – If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

AAIS
CO 1000 10 02
Page 30 of 31

2. **Benefit to Others** – Insurance under the Commercial Output Program coverages will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** – When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Control of Property** – The Commercial Output Policy coverages are not affected by any act or neglect beyond "your" control.
5. **Death** – If "you" die, "your" rights and duties will pass to "your" legal representative but only while acting within the scope of duties as "your" legal representative. Until "your" legal representative is appointed, anyone having proper temporary custody of "your" property will have "your" rights and duties but only with respect to that property.
6. **Liberalization** – If a revision of a form or endorsement which broadens Commercial Output Program coverages without additional premium is adopted during the policy period, or within six months before this coverage is effective, the broadened coverage will apply.
7. **Misrepresentation, Concealment, or Fraud** – These Commercial Output Program coverages are void as to "you" and any other insured if, before or after a loss:
 - a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein; or
 - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
8. **Policy Period** – "We" pay for a covered loss that occurs during the policy period.
9. **Recoveries** – If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property, but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
10. **Restoration of Limits** – Except as indicated under Supplemental Coverages - Pollutant Cleanup and Removal and Supplemental Marine Coverages - Virus and Hacking Coverage, any loss "we" pay under the Commercial Output Program coverages does not reduce the "limits" applying to a later loss.
11. **Subrogation** – If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" will not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
12. **Suit Against Us** – No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of the Commercial Output Program coverages have been complied with; and

AAIS
CO 1000 10 02
Page 31 of 31

- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law.

13. **Territorial Limits** – "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

However, "we" do cover foreign shipments as described under Overseas Transit.

14. **Mortgage Provisions** – If a mortgagee (mortgage holder) is named in this policy, loss to building property will be paid to the mortgagee and "you" as their interest appears. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" will notify the mortgagee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason:

"We" may request payment of the premium from the mortgagee if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you".

As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

15. **Vacancy - Unoccupancy** – "We" do not pay for loss caused by attempted "theft"; breakage of building glass; sprinkler leakage (unless "you" have protected the system against freezing); "theft"; vandalism; or water damage occurring while the building or structure has been:

- a. vacant for more than 60 consecutive days; or
b. unoccupied for more than:
- 1) 60 consecutive days; or
 - 2) the usual or incidental unoccupancy period for a "covered location";

whichever is longer.

The amount "we" will pay will be reduced by 15% for any loss by a covered peril, not otherwise excluded above, if the building or structure is vacant or unoccupied, as described above.

Unoccupied means that the customary activities or operations at a "covered location" are suspended, but business personal property has not been removed. The building or structure will be considered vacant and not unoccupied when the occupants have moved, leaving the building or structure empty or containing only limited business personal property. Buildings or structures under construction are not considered vacant or unoccupied.

CO 1000 10 02

AAIS
CO 1001 04 02
Page 1 of 6

COMMERCIAL OUTPUT PROGRAM INCOME COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, Perils Covered, Perils Excluded, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

COVERAGE OPTIONS

One of the following described coverage options applies when that option is indicated on the "schedule of coverages":

1. Earnings, "rents", and extra expense.
2. Earnings and extra expense.
3. "Rents" and extra expense.
4. Extra expense only.

If option 1. above is selected, the term Earnings includes "rents". When Option 3. is indicated, the term Earnings means only "rents".

COVERAGE

"We" provide the following coverage unless the coverage is excluded or subject to limitations.

"We" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

1. all passageways to "your" location within the building; and
2. "your" business personal property in the open (or in a vehicle) within 1,000 feet.

EARNINGS

"We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

EXTRA EXPENSE

"We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered peril.

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

AAIS
CO 1001 04 02
Page 2 of 6

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

1. repair, replace, or restore any property; and
2. research, replace, or restore information on damaged "valuable papers" or "data records".

EXCLUSIONS AND LIMITATIONS

The following exclusions apply in addition to the exclusions and limitations in the Commercial Output Program - Property Coverage Part.

1. **Finished Stock** – "We" do not cover loss caused by or resulting from loss or damage to stock manufactured by "you" which is ready to pack, ship, or sell. This includes loss caused by or resulting from the time required to reproduce such stock. This does not apply to stock manufactured and held for sale at retail outlets that "you" own and that are insured under this Coverage Part.

2. **Leases, Licenses, Contracts, or Orders** – "We" do not cover any increase in loss due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any extra expense caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders beyond the "restoration period".

3. **Strikes, Protests, and Other Interference** – "We" do not cover any increase in loss due to interference by strikers or other persons at a "covered location". This applies to interference with rebuilding, repairing, or replacing the property or with resuming "your" "business".

INCOME COVERAGE EXTENSIONS

The following Income Coverage Extensions indicate an applicable "limit" or limitation. This "limit" or limitation may also be shown on the "schedule of coverages". If a different "limit" or limitation is indicated on the "schedule of coverages", that "limit" or limitation will apply instead of the "limit" or limitation shown below.

The following Income Coverage Extensions are part of and not in addition to the applicable Income Coverage "limit".

1. **Interruption by Civil Authority** – "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a "dependent location" is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril. Unless otherwise indicated on the "schedule of coverages", this Income Coverage Extension is limited to 30 consecutive days from the date of the order.
2. **Period of Loss Extension After Business Resumes** – "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced and "business" is resumed or tenantability is restored until:
 - a. the end of 90 consecutive days (unless otherwise indicated on the "schedule of coverages"); or
 - b. the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred,

whichever is earlier.

Loss of earnings or "rents" must be caused by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

AAIS
CO 1001 04 02
Page 3 of 6

SUPPLEMENTAL INCOME COVERAGES

Unless otherwise indicated, the following Supplemental Income Coverages apply separately to each "covered location".

The following Supplemental Income Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

Unless otherwise indicated, a "limit" for a Supplemental Income Coverage provided below is separate from, and not part of, the applicable Income Coverage "limit". The "limit" available for coverage described under a Supplemental Income Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Income Coverage and the Income Coverage "limit".

The "limit" provided under a Supplemental Income Coverage cannot be combined or added to the "limit" for any other Supplemental Income Coverage.

1. Computer Virus and Hacking –

- a. **Coverage** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by a "computer virus" or by "computer hacking" that results in:
 - 1) direct physical loss or damage to covered "computers", "your" computer network, or "your" Web site; or
 - 2) denial of access to or services from "your" "computer", "your" computer network, or "your" Web site.

- b. **Exclusions** – "We" do not cover loss of earnings or extra expenses under this Supplemental Income Coverage that results from:

- 1) loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- 2) loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered; or
- 3) theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to customer information, processing methods, or trade secrets.

- c. **Waiting Period** – Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to "your" "computers", "your" computer network, or "your" Web site. This waiting period does not apply to extra expenses that "you" incur.
- d. **Applicable Limit** – The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$75,000.

AAIS
CO 1001 04 02
Page 4 of 6

2. **Dependent Locations** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at a "dependent location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$100,000.

3. **Off Premises Utility Service Interruption** –

- a. **Coverage** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility services when the interruption is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:

- 1) power or gas;
- 2) telecommunications, including but not limited to Internet access; or
- 3) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** – If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this Supplemental Income Coverage does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:

- 1) overhead transmission and distribution lines;
- 2) overhead transformers and similar equipment; and
- 3) supporting poles and towers.

- c. **Waiting Period** – Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to the property owned by a utility, a landlord, or another supplier. This waiting period does not apply to extra expenses that "you" incur.

- d. **Applicable Limit** – The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

4. **Pollutant Cleanup and Removal** – When there is a loss to a "covered location" caused by a covered peril, coverage for earnings is extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to extract "pollutants" from land or water at the "covered location".

This Supplemental Income Coverage only applies if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" into the land or water at the "covered locations" is caused by a covered peril and occurs during the policy period.

Coverage for earnings is not extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to test, evaluate, observe, or record the existence, level, or effects of "pollutants". However, "we" cover the increased period of interruption when testing is necessary for the extraction of "pollutants" from land or water.

The ordinance, law, or decree must be in force at the time of loss.

The most "we" pay in any one occurrence or at any one location under this Supplemental Income Coverage is \$25,000.

AAIS
CO 1001 04 02
Page 5 of 6

5. **Contract Penalty** -- Coverage for earnings is extended to cover contract penalties that "you" are assessed or are required to pay because "you" are unable to complete a project or fill an order in accordance with contract terms or conditions.

"Your" inability to complete a project or fill an order on time must be a direct result of physical loss of or damage to covered property caused by a covered peril at a "covered location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$100,000.

6. **Property In Transit, On Exhibition, or In The Custody Of Sales Representatives** --

Coverage for earnings is extended to loss of earnings during the "restoration period" when "your" "business" is interrupted as a result of a direct physical loss, caused by a covered peril, to property in transit, on exhibition, or in the custody of sales representatives as described under the Supplemental Marine Coverages in Commercial Output Program - Property Coverage Part.

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

WHAT MUST BE DONE IN CASE OF LOSS

Other "terms" relating to What Must Be Done In Case Of Loss also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Intent to Continue Business -- If "you" intend to continue "your" "business", "you" must resume all or part of "your" "business" as soon as possible.

VALUATION

1. **Earnings** -- In determining an earnings loss "we" consider:

- a. the experience of "your" "business", before the loss and the probable experience during the time of interruption had no loss occurred;
- b. "your" continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense necessary to resume "business" to a similar level of service that existed before the occurrence of direct physical loss or damage; and
- c. pertinent sources of information and reports including:
 - 1) "your" accounting procedures and financial records;
 - 2) bills, invoices, and other vouchers;
 - 3) contracts, deeds, and liens;
 - 4) reports on feasibility and status; and
 - 5) records documenting "your" budget and marketing objectives and results.

"We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" "business". This includes making use of other locations and property to reduce the loss.

If "your" "business" is not resumed as soon as possible, or if it is not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" "business" as soon as possible.

Only as regards coverage described under Dependent Locations in the Income Coverage Extensions, "we" will reduce the amount of "your" loss of earnings to the extent "you" can resume "your" "business" by using other available sources of materials or outlets for "your" products.

AAIS
CO 1001 04 02
Page 6 of 6

2. **Extra Expense** – In determining extra expenses that "you" have incurred, "we" consider the salvage value of any property bought for temporary use during the "restoration period" and it will be deducted from the amount of loss determined for extra expense.

LOSS PAYMENT

See the Commercial Output Program - Property Coverage Part.

HOW MUCH WE PAY

Other "terms" relating to How Much We Pay also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

"We" pay no more than the Income Coverage "limit" indicated on the "schedule of coverages" for any one loss. Payment for earnings, extra expense, and "rents" combined does not exceed the "limit".

OTHER CONDITIONS

The following condition applies as it relates to this Coverage Part, other "terms" also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Appraisal – If "you" and "we" do not agree on the amount of net income (net profit or loss before income taxes), payroll expense, and operating expenses, or the amount of loss, either party may demand that these amounts be determined by appraisal in accordance with the provisions described in the Commercial Output Program - Property Coverage Part under Other Conditions, Appraisal.

CO 1001 04 02
Copyright, American Association of Insurance
Services, 2002

AAIS
CO 1006 04 02
Page 1 of 10

CRIME COVERAGE PART EMPLOYEE FRAUD AND DISHONESTY MONEY AND SECURITIES

AGREEMENT

In return for "your" payment of required premium, "we" provide the coverage described herein subject to all the "terms" in this coverage part and in the "schedule of coverages", Common Policy Conditions, Definitions, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions of the Commercial Output Program - Property Coverage Part.

DEFINITIONS

1. "Computer fraud" means the fraudulent transfer, payment, or delivery of covered property:
 - a. from a "covered location", "your" "computer", or a banking premises to a person or place outside of a "covered location"; and
 - b. directly related to the use of any "hardware", "software" or peripheral equipment whether or not owned by "you" or in "your" care, custody, or control.
2. "Employee" means any natural person while in "your" service (and for 30 days after termination of service); whom "you" compensate directly by salary, wages, or commissions; and whom "you" have the right to direct and control while performing services for "you". "Employee" also means any natural person:
 - a. who is employed by an employment contractor while that person is subject to "your" direction and control and performing services for "you" on a:
 - 1) long term basis; or

2) short-term or temporary basis;

excluding, however, any such short-term or temporary employee while having care and custody of property outside the "covered locations";

- b. who is a non-compensated volunteer while performing services for "you" excluding, however, any non-compensated persons while performing fund raising services;
- c. who is a student intern receiving practical work experience at "your" facility for course credit while acting within the scope of the usual duties of an "employee";
- d. who is:
 - 1) "your" director;
 - 2) "your" trustee; or
 - 3) any officer with an ownership interest of 25% or greater in any one or more of the entities named as insureds;while handling funds or "other covered property" of any employee welfare or pension benefit plan insured under this coverage part; or
- e. who is an administrator, employee, manager, officer, or trustee of any employee welfare or pension benefit plan insured under this coverage part with the exception of a plan administrator or manager who is an independent contractor.

"Employee" does not mean any:

- a. agent, broker, factor, commission merchant, consignee, independent contractor, or similar representative; or

AAIS
CO 1006 04 02
Page 2 of 10

- b. director, trustee or "manager" except while performing acts coming within the scope of the usual duties of an "employee".
- 3. "Forgery" means the fabricating or altering of any signature of the name of another person or organization with intent to deceive. A signature which consists in whole or in part of one's own name signed, with or without authority, in any capacity and for any purpose does not, in and of itself, constitute a forgery. "We" will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- 4. "Manager" means a person serving in a position that provides direction for "your" limited liability company.
- 5. "Other covered property" means "your" tangible property or the tangible property of others not otherwise excluded under this coverage part.

COVERAGE

"We" cover the property described in the following coverages unless the property is excluded or subject to limitations. "We" only cover a loss under a described coverage when the loss occurs during the policy period as shown in the declarations.

"We" cover loss caused by a peril described in the following coverages when a specific "limit" is indicated on the Crime Schedule for the coverage. If Not Covered is inserted opposite any specified coverage, such coverage and any other reference to that coverage in this coverage part will be deemed to be deleted from this policy.

- 1. **Employee Fraud and Dishonesty** – "We" cover direct physical loss of and direct loss from damage to:
 - a. "money";
 - b. "securities"; and

- c. "other covered property"

that "you" own, hold, or for which "you" are legally liable including, property inside the premises of a customer of "yours", that results from dishonest or fraudulent acts committed by any of "your" "employees", whether identified or not, while acting alone or in collusion with other individuals.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

The most "we" will pay in any one occurrence is the applicable Employee Fraud and Dishonesty "limit" indicated in the Crime Schedule. As respects Employee Fraud and Dishonesty coverage, an occurrence means all loss which results from one or a series of fraudulent or dishonest acts caused by one or more "employees".

- 2. **Money and Securities** – "We" cover loss caused by "theft", disappearance, or destruction of "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while:
 - a. at "covered locations" or premises of a bank or savings institution; or
 - b. away from "covered locations" while:
 - 1) in the care, custody, or control of:
 - a) "you";
 - b) "your" partners, officers, directors, "managers", "employees"; or
 - c) members with ownership interest in any limited liability company named as an insured; or
 - 2) temporarily within "your" residence or the residence of:
 - a) "your" partners, officers, directors, "managers", "employees"; or
 - b) members with ownership interest in any limited liability company named as an insured.

AAIS
CO 1006 04 02
Page 3 of 10

The most "we" will pay in any one occurrence is the applicable Money and Securities "limit" indicated in the Crime Schedule. As respects Money and Securities coverage, an occurrence means an act or event or a series of related acts or events without regard to the number of persons involved in causing the loss.

COVERAGE EXTENSIONS

The "limits" applicable to the following Coverage Extensions are shown in the Crime Schedule. However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable coverage, unless a different "limit" is indicated in the Crime Schedule.

1. **Employee Fraud and Dishonesty** – The coverage provided below is part of, and not in addition to, the applicable Employee Fraud and Dishonesty "limit".

Outside Coverage Territory – "We" cover direct physical loss of, and direct loss to:

- a. "money";
- b. "securities"; and
- c. "other covered property";

that results from dishonest or fraudulent acts committed by any of "your" "employees" while the "employee" was temporarily outside of the Territorial Limits for not more than 90 days.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

Loss payment is subject to the Employee Fraud and Dishonesty deductible.

2. **Money and Securities** – The coverage provided below is part of, and not in addition to, the applicable Money and Securities "limit".

Conveyance By Armored Vehicle – "We" cover loss caused by "theft", disappearance, or destruction to "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while in the care, custody, or control of an armored vehicle company.

"We" pay only for the amount of "your" loss that "you" cannot recover:

- a. under "your" contract with the armored vehicle company; and
- b. from any insurance or indemnity coverage carried by the armored vehicle for the benefit of customers.

The most "we" will pay in any one occurrence is the Money and Securities Conveyance By Armored Vehicle "limit" indicated in the "schedule of coverages". Loss payment is subject to the applicable Money and Securities deductible.

SUPPLEMENTAL COVERAGES

Unless otherwise indicated, the "limit" for a Supplemental Coverage is separate from, and not part of, the applicable "limit" for the coverages described under Coverage. However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable coverage. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for the coverages described under Coverage.

AAIS
CO 1006 04 02
Page 4 of 10

1. **Inventory Fees and Proof of Loss Expense –**
"We" will pay for the reasonable expenses "you" incur, at "our" request, to prove "your" claim and to determine the amount of the loss or damage covered under this coverage part.

"We" will not pay expenses:

- a. incurred in conjunction with the Appraisal Provision; or
- b. public adjuster fees.

"We" will pay up to \$5,000 under this Supplemental Coverage unless a different "limit" is indicated in the Crime Schedule. If a different "limit" is indicated in the Crime Schedule, that "limit" will apply instead of the "limit" shown above.

No deductible applies to this Supplemental Coverage.

2. **Loss Sustained Prior To The Policy Period Of This Insurance –**

- a. If "you" sustained loss prior to the policy period of this insurance that "you" could have recovered under prior insurance except that the time within which to discover the loss under the prior insurance had expired, "we" will cover "your" loss under this Crime Coverage Part, provided:
 - 1) the effective date of this insurance corresponds with the date of cancellation or termination of the prior insurance; and
 - 2) this insurance would have covered "your" loss had it been in force at the time when the act or event causing the loss took place or was performed.
- b. The amount "you" can recover is limited to the lesser of the applicable "limit" for:
 - 1) insurance under the Crime Coverage Part as of its effective date; or
 - 2) the prior insurance.

This Supplemental Coverage is part of, and not in addition to, the applicable "limits" for coverage described under Coverage.

If a loss is covered by the Crime Coverage Part and would have been covered under prior insurance with a lower applicable deductible than the deductible that applies to the Crime Coverage Part, the lower deductible will apply.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Civil Authority** – "We" do not pay for loss caused by any civil authority, including seizure, confiscation, destruction, or quarantine of property.
 - b. **Nuclear Hazard** – "We" do not pay for loss caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke.
 - c. **War and Military Action** – "We" do not pay for loss caused by:
 - 1) war, including undeclared war or civil war; or
 - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

AAIS
CO 1006 04 02
Page 5 of 10

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** – "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:

- 1) "you";
- 2) "your" partners;
- 3) members with ownership interest in any limited liability company named as an insured; or
- 4) officers with ownership interest of 25% or greater in any one or more of the entities named as insureds.

- b. **Discovery After the Policy Period** – "We" do not pay for any loss that is not discovered within one year of the end of the policy period. In the event of cancellation or termination of:

- 1) this policy;
- 2) any of the coverages described under this coverage part; or
- 3) any of the coverages described under this coverage part, as respects any insured or "employee";

"we" do not pay for any loss that is not discovered within one year from the date of the cancellation or termination.

- c. **Indirect Loss** – "We" do not pay for any loss that is an indirect result of any act or event covered under this coverage part including, but not limited to, loss resulting from:

- 1) "Your" ability to realize income, dividends, and interest that "you" would have realized had there been no loss of, or loss from damage to, property described under this coverage part.
- 2) Payment of damages of any type for which "you" are legally liable. But, "we" will pay compensatory damages arising directly from a covered loss described under this coverage part.
- 3) Payment of costs, fees or other expenses "you" incur to prove "your" claim and to determine the amount of loss or damage under this coverage part. However, this exclusion does not apply to:

- a) the Appraisal provision described under the Commercial Output Program - Property Coverage Part; and
- b) the provisions described under Supplemental Coverages - Inventory Fees and Proof of Loss Expense.

- d. **Intangible Property or Trade Secrets** – "We" will not pay for loss of confidential information or processing methods, trade secrets, or intangible property of any kind.

- e. **Inventory Shortage or Profit/Loss Computation** – "We" do not pay for loss or damage when the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation.

AAIS
CO 1006 04 02
Page 6 of 10

However, where "you" establish that "you" have sustained a loss described under coverage for Employee Fraud and Dishonesty based on information separate from an inventory computation or profit and loss computations, then "you" may offer "your" inventory computation and/or profit and loss computations along with an actual physical count of inventory to support the other evidence as to the loss amount claimed.

f. **Legal Expenses** – "We" do not pay for loss due to expenses related to the defense or prosecution of a legal proceeding or claim.

g. **Trading** – "We" do not pay for loss resulting directly or indirectly from trading whether in "your" name or in a genuine or fictitious account including, but not limited to, trading in commodities, futures, stocks, bonds, or other financial instruments.

3. **Employee Fraud and Dishonesty** – Unless otherwise noted, the following additional exclusions apply only to coverage described under Employee Fraud and Dishonesty.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

a. **Discovery of Dishonest Acts** – "We" do not pay for fraudulent or dishonest acts committed by any "employee" if:

- 1) "you";
- 2) any of "your" partners;
- 3) "your" officers, directors, or "managers"; or
- 4) members with ownership interest in any limited liability company named as an insured

have knowledge of any fraudulent or dishonest act committed by the "employee" whether before or after being employed by "you". This includes discovery by "you" or by any of "your" partners, officers, directors, "managers", or such members not in collusion with the "employee".

b. **Employee Canceled Under Prior Insurance** – "We" do not pay for any loss caused by:

- 1) "your" "employee"; or
- 2) an "employee" of a predecessor in interest of "yours";

for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

c. **Vandalism** – "We" do not pay for any loss or damage caused by vandalism, including but not limited to, any loss or damage to "your" "computers", "your" "computer" network, or "your" web site or denial of access to or services from such equipment caused by or resulting from a "computer virus" or by "computer hacking".

4. **Money and Securities** – Unless otherwise noted, the following additional exclusions apply only to coverage described under Money and Securities.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** – "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:

- 1) "your" "employees"; or
- 2) "your" directors, trustees, "managers" or authorized representatives.

AAIS
CO 1006 04 02
Page 7 of 10

- b. **Errors or Omissions** – "We" do not pay for loss resulting from accounting or arithmetical errors or omissions.
- c. **Exchanges or Purchases** – "We" do not pay for loss caused by or resulting from the giving or surrendering of property in any exchange or purchase.
- d. **Money Operated Devices** – "We" do not pay for loss of property contained in a "money" operated device unless the "money" deposited is recorded by a continuous recording instrument in the device.
- e. **Property Surrender or Transfer** – "We" do not pay for loss of property after it has been surrendered or transferred to a person or place outside:
 - 1) a "covered location"; or
 - 2) the premises of a banking or saving institution;

on the basis of unauthorized instructions or as a result of a threat to do bodily harm to any person or damage to any property.

However, in the event of a threat to do bodily harm to any person or damage to any property, this exclusion does not apply to loss of property while outside a "covered location" or the premises of a bank or savings institution in the care and custody of "you", "your" partners, officers, directors, "managers", "employees", or members with ownership interest in any limited liability company named as an insured, if "you":

- 1) had no knowledge of any threat at the time the transfer began; or
 - 2) had knowledge of a threat at the time the transfer began, but the loss was not related to the threat.
- f. **Vandalism or Malicious Mischief** – "We" do not pay for:
- 1) loss from damage to a "covered location" or its exterior; or
 - 2) loss of, or damage to any cash box, cash drawer, cash register, safe, vault, or similar receptacle;
- caused by vandalism or malicious mischief.
- g. **Voluntary Parting** – "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense. This exclusion applies whether the parting was by:
- 1) "you"; or
 - 2) anyone acting on "your" express or implied authority.

WHAT MUST BE DONE IN CASE OF LOSS

Notice For Crime Coverage and Proof Of Loss For Crime Coverage as described below replaces the Notice and Proof of Loss provisions under What Must Be Done In Case Of Loss in the Commercial Output Program - Property Coverage Part.

1. **Notice For Crime Coverage** – In case of a loss, "you" must:
- a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
 - b. give notice to the:
 - 1) police when the act that causes the loss may have been a crime, except for acts that cause loss under Employee Fraud and Dishonesty;
 - 2) charge or credit card company if the loss involves a charge or credit card; and
 - 3) bank or savings institution if the loss involves a debit card.

AAIS
CO 1006 04 02
Page 8 of 10

2. **Proof Of Loss - Crime Coverage** – "You" must send "us", within 120 days after "our" request, a signed, sworn proof of loss. This must include the following information:

- a. the time, place, and circumstances of the loss;
- b. other policies of insurance that may cover the loss;
- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title or occupancy of the covered property during the policy period;
- e. detailed estimates for repair or replacement of covered property; and
- f. an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.

"We" cover "your" additional "employees" and "covered locations", for acts committed or events occurring within 90 days from the date of the merger, consolidation, or purchase, provided that "you":

- a. furnish "us" with written notice of the merger, consolidation, or purchase within 90 days; and
- b. "you" pay "us" any additional premium from the date of the merger, consolidation, or purchase to the end of the policy period.

Acquisition of Employee Welfare or Pension Benefit Plans through a merger, consolidation, or purchase and that is sponsored solely by "you" or any named insured under this policy will be included as insureds under Employee Fraud and Dishonesty coverage.

2. **Discovery Period Extension** – Insurance under the Crime Coverage Part is extended to cover any loss that is discovered up to one year from the end of the policy period. In the event of cancellation or termination of the Crime Coverage Part or any crime coverage, as to any insured, "we" cover any loss that is discovered up to one year from the date of that cancellation or termination.

ADDITIONAL CRIME CONDITIONS

The following conditions apply in addition to those stipulated in the Common Policy Conditions and the Commercial Output Program - Property Coverage Part.

1. **Acquisition Of Employees Or Additional Locations** – Insurance under the Crime Coverage Part is extended to additional persons who become "employees" and additional "covered locations" that "you" attain the control and use of through the:

- a. consolidation or merger with; or
- b. purchase of the assets of;

another entity.

3. **Multiple Named Insureds** – The following provisions are applicable to this policy whenever there is more than one named insured.

a. **Duty of First Named Insured** – If more than one insured is named in the declarations, the first insured named in the declarations will act for itself and for all other insureds for every purpose related to insurance under this coverage part. If coverage for the first named insured ends, the next named insured listed will become the first named insured.

b. **Employee Status** – An "employee" of any named insured is considered to be an "employee" of all named insureds.

AAIS
CO 1006 04 02
Page 9 of 10

- c. **Pertinent Knowledge** – If any insured or partner or officer of that insured has knowledge of any information pertinent to insurance under this coverage part, that knowledge is considered as known by each insured.
 - d. **Payment to the First Named Insured** – When "we" make payment for a loss to the first named insured, "we" no longer have any liability for that loss to any other named insured. When payment is made to a named insured other than the first named insured, the payment will be treated as though it was made to the first named insured.
4. **Employee Welfare or Pension Benefit Plans** -
- In compliance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA):
- a. Any Employee Welfare or Pension Benefit Plan, hereafter called Plan, named in the Crime Schedule will be included as insureds under Employee Fraud and Dishonesty coverage.
 - b. If any Plan is insured together with any other named insured under this policy, "you" or the administrator of the Plan must select a "limit" under the coverage for Employee Fraud and Dishonesty that is sufficient to provide a "limit" of insurance for each Plan that is at least equal to the amount that would be required if each Plan were insured separately.
 - c. If both a Plan and another entity are named in the declarations as insureds, any payment "we" make to a named insured, other than a Plan, for loss sustained by a Plan must be held by the other entity for use by the Plan(s) that sustain the loss.
 - d. If "money", "securities", or "other covered property" are commingled for two or more Plans, any payment for loss to such property will be shared by each Plan on a pro rata basis in accordance with the amount of coverage each Plan is required to carry by the Employee Retirement Income Security Act.
 - e. The deductible provision does not apply to any loss sustained by a Plan.
5. **Records Pertaining to Money and Securities** -
- "You" must keep records of covered "money" and "securities" so "we" can verify the amount of loss.

VALUATION

The following valuation provisions apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

- 1. **Bullion** – Bullion is valued at the average cost for replacement that is published by the London Metals Market during the period of 14 days immediately preceding the discovery date of the loss or the actual amount paid for replacement, whichever is less.
- 2. **Money** – "Money" will be valued at its face value. At "our" option, "we" may pay for loss of "money" issued by any country other than the United States of America at face value in the "money" issued by that country or in the United States of America dollar equivalent as determined by the rate of exchange as reported by the Wall Street Journal, published in New York, on the day the loss was discovered.
- 3. **Other Covered Property** – The value of "other covered property" will be based on Replacement Cost as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

AAIS
CO 1006 04 02
Page 10 of 10

If actual cash value is indicated in the Crime Schedule, the value of "other covered property" will be based on Actual Cash Value as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

4. **Securities** -- The value of "securities" will be based on their value at the close of business on the day the loss was discovered. At "our" option, "we" may pay the value of the "securities" or replace them.

HOW MUCH WE PAY

The following provisions for How Much We Pay apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

1. **Limit of Insurance** -- The payment of loss under this coverage part will not reduce the "limit" of insurance for other losses provided, however, that the maximum "limit" does not exceed the dollar amount applicable to each coverage indicated in the Crime Schedule.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount in any one occurrence as stated on the Crime Schedule opposite each Coverage. If more than one deductible amount could apply to the same loss, only the highest deductible amount will be applied.

3. **Prior Insurance That We Issued Or Any Affiliate Issued** -- When a covered loss is covered in part by this coverage part and prior insurance that "we" issued or any of "our" affiliates issued, the most that "we" pay for a covered loss is the greater of the amount recoverable under:

- a. the Crime Coverage Part; or
- b. any prior coverage that was cancelled or terminated and that "we", or any of "our" affiliates had issued to "you".

4. **Insurance Under More Than One Policy** -- If "you" have another policy covering the same loss, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. However, "we" will not pay more than the applicable "limit" of this coverage part.

5. **Limits and Multiple Years of Coverage** -- Regardless of the number of years the Crime Coverage Part remains in force the "limits" will not accumulate nor can they be added together from year to year or policy period to policy period.

6. **Payment of Loss Sustained By More Than One Named Insured** -- "We" will not pay more for loss sustained by more than one named insured than the amount "we" would pay if one insured had sustained the entire loss.

CO 1006 04 02

Copyright, American Association of Insurance Services, 2002

AAIS
CO 1080 11 03
Page 1 of 1

**LIMITED FUNGUS AND RELATED PERILS SCHEDULE
BLANKET LIMIT**

(The information required below may be indicated
on the "schedule of coverages".)

PROPERTY COVERAGE EXTENSION

Limited Fungus And Related Perils
Property Coverage

The most "we" pay for all losses
at all covered locations is: Limit
\$ _____

INCOME COVERAGE EXTENSION

Limited Fungus And Related Perils
Income Coverage

Time Limitation: _____ days

CO 1080 11 03

Copyright, American Association of Insurance Services, Inc., 2003

AAIS
CO 1082 11 03
Page 1 of 1

**LIMITED FUNGUS AND RELATED PERILS SCHEDULE
BLANKET LIMIT - EQUIPMENT BREAKDOWN**

(The information required below may be indicated
on the "schedule of coverages".)

PROPERTY DAMAGE COVERAGE EXTENSION

Limited Fungus And Related Perils Property Damage Coverage

	Limit
The most "we" pay for all losses at all covered locations is:	\$ _____

INCOME COVERAGE EXTENSION

Check if applicable:

☐ **Limited Fungus And Related Perils Income Coverage**

Time Limitation: _____ days

CO 1082 11 03

Copyright, American Association of Insurance Services, Inc., 2003

AAIS
CO 1254 04 02
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

STATED VALUE ENDORSEMENT

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

VALUATION

The Valuation provisions are deleted and replaced by the following provision only
as regards covered property described on the Stated Value schedule.

Stated Value -- Covered property described on the Stated Value schedule will be
valued at the "limit" indicated for the described property.

STATED VALUE SCHEDULE

Location	Covered Property	Limit
----------	---------------------	-------

AAIS
CO 1281 04 02
Page 1 of 2

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

WAITING PERIOD -- INCOME COVERAGE

As specified below, this endorsement amends the provisions of the Commercial Output Program -- Income Coverage Part.

DEFINITIONS

The Definition of "restoration period" is deleted and replaced by the following:

"Restoration period" means:

1. The time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" ends on the date the property should be rebuilt, repaired, or replaced or the date business is resumed at a new permanent location. This is not limited by the expiration date of the policy.

2. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:
 - a. regulates the construction, use, or repair of any property; or

- b. requires the demolition of any property, in part or in whole, not damaged by a covered peril.

The ordinance, law, or decree must be in force at the time of loss.

3. Only as regards coverage described under Dependent Locations in the Coverage Extensions, "restoration period" also means the time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" for "dependent locations" ends on:

- a. the date the property at the "dependent location" should be rebuilt, repaired, or replaced; or
- b. the date business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.

AAIS
CO 1281 04 02
Page 2 of 2

COVERAGE EXTENSION

The following coverage extension is deleted and replaced by the following:

Interruption by Civil Authority – "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a dependent location is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril.

Unless otherwise indicated on the "schedule of coverages", this coverage extension begins:

1. for earnings, 72 hours after the time the order is issued and ends 30 consecutive days and 72 hours from the date of the order; and

2. for extra expense, immediately after the time the order is issued, and ends 30 consecutive days and 72 hours from the date of the order.

SUPPLEMENTAL COVERAGES

The waiting period described under Off Premises Utility Service Interruption is not deleted and replaced by the provisions of this endorsement.

If the Interruption of Web Site endorsement is attached to the Commercial Output Program – Income Coverage Part, the described waiting period under Interruption of Web Site is not deleted and replaced by the provisions of this endorsement.

CO 1281 04 02

Copyright, American Association of Insurance Services, 2002

AAIS
CO 1293 11 03
Page 1 of 4

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

LIMITED FUNGUS AND RELATED PERILS COVERAGE

This policy is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

But if "fungus or related perils" results in a "specified peril", we cover loss or damage caused by that "specified peril".

DEFINITIONS

The following definition is added:

"Fungus or related perils" means:

- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot;
- d. dry rot;
- e. a bacterium; or
- f. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

PERILS EXCLUDED

1. The following exclusion is added under Perils Excluded, item 1:

Fungus or Related Perils --

- a. Except as provided under the Limited Fungus and Related Perils Property and Income Coverage in this endorsement, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus or related perils".

- b. This exclusion does not apply to:

- 1) loss that results from fire or lightning; or
- 2) collapse caused by hidden decay, to the extent that such loss is covered under Other Coverages, Collapse.

2. Under Perils Excluded, the exclusion for Contamination Or Deterioration and Seepage are deleted and replaced by the following:

- a. **Contamination Or Deterioration** -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

This exclusion does not apply to loss caused by corrosion, decay, or rust to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- b. **Seepage** -- "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam or the presence of moisture, humidity, or vapor that occurs over a period of 14 days or more.

AAIS
CO 1293 11 03
Page 2 of 4

COVERAGE EXTENSIONS

The following coverage is added to Coverage Extensions:

Limited Fungus And Related Perils Property Coverage --

1. **Coverage** -- "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus or related perils".
2. **Coverage Limitation** -- "We" only cover loss caused by "fungus or related perils":
 - a. when the "fungus or related peril" is the result of:
 - 1) a "specified peril" other than fire or lightning; or
 - 2) "flood" (if the Flood Endorsement applies to the affected location);
 - that occurs during the policy period; and
 - b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
3. **Blanket Limit** -- If Blanket Limit is indicated on the Limited Fungus and Related Perils Schedule, the most "we" pay for all losses at all "covered locations" is \$15,000, unless another "limit" is indicated on the schedule. The Blanket Limit applies regardless of the number of claims made.

The Blanket Limit applies regardless of the number of locations or buildings insured under this policy.

The Blanket Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

4. **Location Limit** -- If Location Limit is indicated on the Limited Fungus and Related Perils Schedule, the most "we" pay for all losses at each location described on the Limited Fungus and Related Perils Schedule is \$15,000, unless another "limit" is indicated on the schedule. The Location Limit applies regardless of the number of claims made at a described location.

The Location Limit is the most that "we" pay at each location for the total of all loss or damage arising out of all occurrences of "specified perils" other than fire or lightning or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

5. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Blanket Limit or Location Limit.
6. **Recurrence And Continuation of Fungus Or Related Perils** -- The Blanket Limit or Location Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus or related perils" even if such "fungus or related perils" recur or continue to exist during this or any future policy period.
7. **Limit Applies To Other Costs Or Expenses** -- The Blanket Limit or Location Limit also applies to any cost or expense to:
 - a. clean up, contain, treat, detoxify, or neutralize "fungus or related perils" on covered property or remove "fungus or related perils" from covered property;
 - b. remove and replace those parts of covered property necessary to gain access to "fungus or related perils"; and

AAIS
CO 1293 11 03
Page 3 of 4

- c. test for the existence or level of "fungus or related perils" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus or related perils" are present.

8. **Loss Caused In Total Or In Part By Fungus Or Related Perils** – The "terms" of this coverage extension do not apply to covered loss or damage to covered property that is not caused, in total or in part, by "fungus or related perils" except to the extent that "fungus or related perils" causes an increase in the loss. When "fungus or related perils" cause an increase in such a loss, that increase is subject to the "terms" of this coverage.

SUPPLEMENTAL COVERAGES

The following provision is added under the Supplemental Coverages, Ordinance or Law (Undamaged Parts of a Building) and Ordinance or Law (Increased Cost to Repair and Cost to Demolish and Clear Site):

We Do Not Pay – "We" do not pay for:

1. loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus or related perils"; or
2. costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus or related perils".

INCOME COVERAGE EXTENSIONS

Coverage provided under the Income Coverage Part - Coverage Extensions, if applicable, is amended by the following provision.

Limited Fungus And Related Perils Income Coverage –

1. **Coverage** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by "fungus or related perils".
2. **Coverage Limitation** – "We" only cover loss of earnings and/or extra expense caused by "fungus or related perils":
 - a. when the "fungus or related peril" is the result of:
 - 1) a "specified peril" other than fire or lightning; or
 - 2) "flood" (if the Flood Endorsement applies to the affected location);that occurs during the policy period; and
 - b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
3. **Time Limitation** –
 - a. "We" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule) for loss of earnings and/or extra expense if a loss which resulted in "fungus or related perils" does not in itself interrupt "your" "business", but such interruption is necessary due to the loss or damage to property caused by "fungus or related perils". The days need not be successive.

AAIS
CO 1293 11 03
Page 4 of 4

- b. If a covered "business" interruption was caused by loss or damage other than "fungus or related perils" but remediation of "fungus and related perils" lengthens the "restoration period", "we" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule) for loss of earnings and/or expense sustained during the delay (regardless of when such delay for remediation occurs during the "restoration period"). The days need not be successive.

2. Tearing Out and Replacing.

OTHER CONDITIONS

The conditions described under Restoration Of Limits do not apply to the coverages provided under this endorsement.

CO 1293 11 03

OTHER COVERAGES

The "terms" of the Limited Fungus And Related Perils Property and Income Coverages do not increase or decrease the coverages under Other Coverages:

1. Collapse; or

AAIS
CO 1294 11 03
Page 1 of 3

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

LIMITED FUNGUS AND RELATED PERILS COVERAGE EQUIPMENT BREAKDOWN

The Equipment Breakdown Coverage Part is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

DEFINITIONS

The following definition is added:

"Fungus or related perils" means:

- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot;
- d. dry rot;
- e. a bacterium; or
- f. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

PERILS EXCLUDED

1. The following exclusion is added under Perils Excluded, item 1.:

Fungus Or Related Perils –

- a. Except as provided under the Limited Fungus and Related Perils Property Damage and Income Coverage in this endorsement, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus or related perils".

But if "fungus or related perils" results in an "accident" to "covered equipment", we cover loss or damage caused by that "accident" to "covered equipment".

COVERAGE EXTENSIONS ADDED

The following coverage is added to Coverage Extensions:

Limited Fungus And Related Perils Property Damage Coverage –

1. Coverage – "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus or related perils".
2. Coverage Limitation – "We" only cover loss caused by "fungus or related perils":
 - a. when the "fungus or related peril" is the result of an "accident" to "covered equipment" that occurs during the policy period; and
 - b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

AAIS
CO 1294 11 03
Page 2 of 3

3. **Blanket Limit** – If Blanket Limit is indicated on the Limited Fungus and Related Perils Schedule - Equipment Breakdown, the most "we" pay for all losses at all "covered locations" is \$15,000, unless another "limit" is indicated on the schedule. The Blanket Limit applies regardless of the number of claims made.

The Blanket Limit applies regardless of the number of locations or buildings insured under this policy.

The Blanket Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "fungus or related perils" resulting from an "accident" to "covered equipment" during each separate 12-month period beginning with the inception date of this policy.

4. **Location Limit** – If Location Limit is indicated on the Limited Fungus and Related Perils Schedule - Equipment Breakdown, the most "we" pay for all losses at each location described on the Limited Fungus and Related Perils Schedule - Equipment Breakdown is \$15,000, unless another "limit" is indicated on the schedule. The Location Limit applies regardless of the number of claims made at a described location.

The Location Limit is the most that "we" pay at each location for the total of all loss or damage arising out of all occurrences of "fungus or related perils" resulting from an "accident" to "covered equipment" during each separate 12-month period beginning with the inception date of this policy.

5. **If The Policy Period Is Extended** – If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Blanket Limit or Location Limit.

6. **Recurrence And Continuation Of Fungus Or Related Perils** – The Blanket Limit or Location Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus or related perils" even if such "fungus or related perils" recur or continue to exist during this or any future policy period.

7. **Limit Applies To Other Costs Or Expenses** – The Blanket Limit or Location Limit also applies to any cost or expense to:

- clean up, contain, treat, detoxify, or neutralize "fungus or related perils" on covered property or remove "fungus or related perils" from covered property;
- remove and replace those parts of covered property necessary to gain access to "fungus or related perils"; and
- test for the existence or level of "fungus or related perils" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus or related perils" are present.

8. **Loss Caused In Total Or In Part By Fungus Or Related Perils** – The "terms" of this coverage extension do not apply to covered loss or damage to covered property that is not caused, in total or in part, by "fungus or related perils" except to the extent that "fungus or related perils" causes an increase in the loss. When "fungus or related perils" cause an increase in such a loss, that increase is subject to the "terms" of this coverage.

If indicated on the Limited Fungus and Related Perils Schedule - Equipment Breakdown, Blanket or Location Limit, the following additional coverage also applies:

**Limited Fungus And Related Perils
Income Coverage –**

1. **Coverage** – Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by "fungus or related perils".

AAIS
CO 1294 11 03
Page 3 of 3

2. **Coverage Limitation** – "We" only cover loss of earnings and/or extra expense caused by "fungus or related perils":

- a. when the "fungus or related peril" is the result of an accident to covered equipment that occurs during the policy period; and
- b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

3. **Time Limitation** –

- a. "We" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule - Equipment Breakdown) for loss of earnings and/or extra expense if a loss which resulted in "fungus or related perils" does not in itself interrupt "your" "business", but such interruption is necessary due to the loss or damage to property caused by "fungus or related perils". The days need not be successive.
- b. If a covered "business" interruption was caused by loss or damage other than "fungus or related perils" but remediation of "fungus and related perils" lengthens the "restoration period", "we" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule - Equipment Breakdown) for loss of earnings and/or expense sustained during the delay (regardless of when such delay for remediation occurs during the "restoration period"). The days need not be successive.

COVERAGE EXTENSIONS AMENDED

Under Coverage Extensions, Ordinance or Law, Undamaged Parts of a Building and Increased Costs of Repair and Cost to Demolish and Clear Site, the following provision is added:

We Do Not Pay – "We" do not pay for:

- 1) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus or related perils"; or
- 2) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus or related perils".

OTHER CONDITIONS

The conditions described under Restoration Of Limits do not apply to the coverages provided under this endorsement.

CO 1294 11 03